

ID: CCA-411047-09

Number: **200943039**

Release Date: 10/23/2009

Office:

UILC: 6323.01-00

From:

Sent: April 1, 2009

To:

Cc:

Subject: FW: Work Stoppage Delaware Co. PA

Attachments (2)

(1) Redacted

Hi

Looks like we have another lien filing issue. We had a telecon last year in which Treasury Counsel to FMS participated. We were discussing the payment procedures through the TOP program. unequivocally stated that payment through TOPS is payment. If the creditor agency, ie the Federal Agency, in this case Medicaid, has given the debtor due process and made a final agency determination that the debt is owed, then it must be submitted for offset. If the debtor continues to dispute the debt, it must do so in court under an APA claim.

Offset is an administrative remedy and does not require a court judgment. The offset statute says that the county has been paid. If they want a refund, they have to go to the creditor agency but give the IRS credit for having paid. I am also attaching the explanation that the IRS gives to recording offices regarding TOPS. If you have any questions please call me. If you are unable to persuade the county, I will contact . It often takes legal counsel to sort these issues out. (ps. You most likely know this but some folks do not - You can rotate those pdf files using the rotate button in order to set them upright so you can easily read them.) THanks for your help and keep me posted.

**DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
Washington, D.C. 20224**

SMALL BUSINESS/SELF-EMPLOYED DIVISION

March 31, 2009

**MEMORANDUM FOR: TOM SUTOR, Governmental Liaison
Pennsylvania**

**FROM: Flavie Elmore
Revenue Officer Advisor Reviewer
Centralized Lien Processing (CLP) – Field Office Resource Team
Cincinnati Service Center**

**SUBJECT: Assistance needed in regards to work stoppage based in Delaware
County Pennsylvania due to TOP (Treasury Offset Program) Offset.**

As you are aware, in 2005, the Internal Revenue consolidated multiple lien operations on a state-by-state basis throughout the United States into a centralized Lien Processing Unit at the Cincinnati IRS Campus. Employees in this department send out the Notice of Federal Tax Lien to local recording offices for filing. They also process requests for all federal tax liens and releases, forwarding those to the appropriate offices.

The federal tax lien gives the IRS a legal claim to the taxpayer's property for the amount of the tax debt. Therefore it is extremely important that the liens and releases are sent to the appropriate recording offices and timely filed in order to secure our priority and once satisfied, timely released to ensure no harm is done to the taxpayer. It is critical that local recording offices ensure the Federal Tax liens are timely file and properly recorded.

Recently, Angela Martinez, Director of the Office of Judicial Support contacted Stephanie Hiller, Manager of the Billing Team, of the Centralized Lien Processing Unit. She advised Stephanie they had received several lien filings (58) and releases (5) but

no payment. Therefore, they would not be recording the liens or releases until payment is received.

Stephanie checked with Margaret Lamphier, accounting Technician with the Beckley Finance Center to see if the payments were sent. The response from Margaret was yes. Unfortunately, the payments appear to have been intercepted by a TOP Offset. At this time we are not sure which agency in the county is in default, but the 1-800 phone number associated with the program was given to Ms. Martinez to locate the party owing the debt in hopes of retrieving the offset payments intended for the recording fees. Margaret stated she had been speaking with Sylvia in the Treasurers office. It appears we had some missing payments, but Sylvia has located some of them and posted them to the correct account

Per our earlier, phone conversation, I have already sent you the referral from the Centralized lien unit, e-mails between Ms. Borchert and Ms. Macias, copies of the letters from the recorders office and copies of the Invoice Certifications and Billing Support Vouchers. If you have any further questions, or if I can be of further assistance, please call me at 859-669-3810, or e-mail me at . My tour of duty is 7:00AM – 3:30PM EST.

Attachments: Documents scanned in PDF attachment.

cc: Peggy Germano, Governmental Liaison
Joseph Budd, Operations Manager
Geneva Bagnato, Headquarters Analyst
Janice Wiedemann, Manager Field Office Resource Team.

Treasury Offset Program (TOP)

What is TOP?

Financial Management Service, a bureau of the U.S. Department of the Treasury, services as the Government's central debt collection agency, maintaining the Government's delinquent debts. One of the ways used by FMS to collect delinquent debt is the Treasury Offset Program or TOP. Under TOP, FMS matches a database of delinquent debtors against payments issued by Treasury. With a match, recipients of Federal payments, who also owe delinquent debts, have their payment withheld or reduced to satisfy the debt.

How does the Treasury Offset Program work?

If a local jurisdiction owes a delinquent debt to a government agency, that agency sends information about your debt to the FMS database. Before the county receives a federal payment, the database is searched to determine if a delinquent debt is registered. If so, FMS will reduce or withhold the Federal payment to satisfy the delinquent amount.

This system is TIN-driven. If a liability is shown for any vendor, funds issued to that vendor are "attached" based upon their Federal ID number or TIN. We have found that many departments within a given jurisdiction may share the same TIN. Any payment(s) issued to the county agency with a TIN that is identified as owing an obligation will be offset until that obligation is satisfied, even though the offending agency may not be the particular payee. For example, a lien fee to a county clerk may be offset for an obligation owed by the Board of Education, but because they share the same Federal Identification Number, the system cannot acknowledge the difference. The departments must work it out internally to re-distribute the funds owed.

For additional information, counties may access their website at <http://www.fms.treas.gov>. Select Debt Collection from the drop down menu. Scroll down and select Top Offset Program. You can also refer counties to the TOP toll free number: 1-800-304-3107.